

# EDITORIALS

From the Chairman

## IT'S A PEOPLE'S BUSINESS

**DRIVEN BY THE** increasing demand for oil and gas and supported by high prices, global drilling activity increased last year by 4.5 percent — equivalent to more than 93,500 wells. This trend will continue and is reflected in the biggest rig-building programme this industry has seen since the mid-'70s and early '80s.



Claus Chur, Chairman

By the end of last year, 59 new jackups, semis, tenders and drillships were under planning, construction or commissioning.

The onshore market is not as transparent, but according to all information I receive from drilling contractors and rig builders, I estimate about 500 land rigs will be refurbished or built within two years.

I'm not denying the cyclical nature of our business, but I do

believe we have entered a period of significant and persistent rig activity.

### WHAT CAN WE CONCLUDE?

First, there is enough confidence in our industry in a sustainable growth of our business during the next decade.

Second, there is enough capital in the market to finance this massive multibillion-dollar rig-building.

Third, and this is the challenge, how will we run the rigs when they are delivered? How well are we prepared to recruit and train probably more than 25,000 greenhats? Do we have the right training programs and enough skilled trainers to apply them?

Is the industry — both operators and contractors — aware that investment in rigs also means investment in people, which will be reflected in the dayrates?

During a panel discussion at last year's IADC World Drilling Conference in Rome, it was generally agreed that the shortage of skilled personnel is the industry's biggest challenge, and the recruiting, retaining and training of personnel is becoming more important than ever, not only to staff additional rigs but also to keep and improve our HSE standards.

IADC and its accreditation systems like WELLCAP and HSE Rig Pass can help contractors meet this challenge and take the lead in setting educational standards for our industry.

Attracting young professionals, either working on the rig floor or in the office, also is becoming more and more difficult. This is partly due to the industry's public image.

Only three years ago, Kenneth Cohen, ExxonMobil's Vice President of Public Affairs, was quoted in this editorial as saying, "Much of the criticism of conventional hydrocarbon energy is, in fact, misguided, and some of it is politically motivated. In truth, our industry has not done nearly enough to communi-

cate the essential role we play and how we go about providing energy and products that contribute to economic growth, not just here in the US but on a global basis, and help improve the lives of millions of people around the world."

This is a perfect description of the situation I addressed in the last issue of DRILLING CONTRACTOR, saying that I would like to begin a discussion concerning what IADC and its members can do to communicate a better image of the industry to the young generation. I encourage all of you to think about what we as drilling contractors can do to correct public misconceptions.

Alain Roger, IADC's 1991 chairman, stated in a speech he gave during a banquet in Amsterdam last November: "The companies which do the training today will survive."

I think he is right. Glück Auf! ■

From the President

## WORMS AND WINDMILLS

**HERE ARE A** couple of items from the Land of Offshore Oz, or the North Sea, as it is familiarly known:

First, the UK government canceled a drilling permit for an operator who had already contracted a rig for a 90-day drilling project. The reason: While viewing a ROV camera's survey, a sharp-eyed marine biologist noticed small, red critters known scientifically as *Sabellaria spinulosa*, or Ross worms. These worms live in mud tubes that they excrete after ingesting sand. The tubes clump into bunches and may form rudimentary clay-like reefs. Obviously, some of the worms and their mud huts would be crushed by a three-legged jackup drilling rig. While the worms are considered common in the North Sea, reefs are protected by the European Commission Habitat Directive. Renewal of the drilling permit was halted, pending further investigation.



Lee Hunt, President

But the offshore drilling business is good these days, and the rig was reportedly contracted elsewhere at a higher day rate. The worms win, the UK economy loses, and the drilling rig departs for foreign lands. Fair enough.

Just a few hundred kilometers away, the Dutch government set a target of building 1,500 offshore windmills over 15 years. Two North Sea windmill farms were granted an annual subsidy of 35 million euro each for the next ten years. Wow! That sure beats competitive bidding for an oil company. But, windmill construction is not a runaway government handout.

According to the Offshore News Letter, 40 applications for offshore wind farms have been delayed because the Dutch government felt that the principle of "first come, first service" was not a sufficiently environmentally friendly way for determining how to award offshore wind farm construction permits.

Wait until they hear about the worms!

If drilling is halted because one jackup will impact a potential mud reef, wait until they project the destruction to offshore reefs caused by the humongous concrete bases needed for 1,500 windmills. Now that's some crushing news for the *Sabellaria spinulosa*. ■